



For Immediate Release
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**FINANCE PANEL APPROVES BAUCUS ECONOMIC STIMULUS PLAN
WITH REBATES FOR 20 MILLION SENIORS, DISABLED VETERANS**

*Bipartisan 14-7 vote also backs effort to extend unemployment insurance,
provide tax relief for businesses struggling hardest in economic downturn*

Washington, D.C. – By a vote of 14-7, the Senate Finance Committee voted to deliver \$500 tax rebates to more than 20 million American seniors as part of an economic stimulus plan authored Chairman Max Baucus (D-Mont.). The Baucus legislation, which is slated for immediate consideration by the full Senate, will boost the American economy with \$500 rebates for every American reporting \$3000 in wages, Social Security income, or net self-employment income on a 2007 tax return. That rebate will double for married taxpayers filing jointly, and families will receive an additional \$300 for every qualifying child under age 17. Today, Baucus added a measure to make the same rebates available to disabled veterans who may not otherwise qualify.

The Baucus legislation also extends Federal unemployment insurance benefits for 13 weeks in all states through December 2008, and provides for an additional 13 weeks of benefits in states meeting certain criteria for high unemployment. Additional business tax relief will allow companies losing money in the economic downturn to access quick cash for payroll and expenses.

“America’s seniors have worked hard all their lives, paid taxes all their lives, and they contribute to our economy today. This package will put rebates into the hands of 20 million additional American seniors, plus lower-income payroll taxpayers and disabled veterans – all of whom will spend this money quickly and give our economy the shot in the arm that it needs,” said Baucus. **“Extending unemployment insurance benefits will help hurting families and get some cash into the economy even quicker. I’ve worked hard with my colleagues to improve on the House stimulus proposal and move a bill quickly. Congress should seize with both hands this chance to make 20 million American seniors a part of our economic stimulus efforts today, and get our country growing again.”**

Baucus unveiled a Chairman’s Mark of The Economic Stimulus Act of 2008 on Monday evening. Today, he brought a modified version of the mark before the Committee for consideration. The modifications to the mark are posted online at <http://www.house.gov/jct/x-11-08.pdf>. They include:

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- An upper income limit cap on eligibility for the rebate. The rebate would be phased out at a rate of five percent of adjusted gross income for single filers making more than \$150,000 annually, and for married couples making more than \$300,000 annually.
- Provision for rebates to disabled veterans who receive at least \$3000 in non-taxable disability compensation. Many disabled vets would not receive a rebate if they have no obligation to file a tax return. The Senate plan makes them eligible to receive the same \$500 rebate as wage earners and Social Security recipients. The rebate will be distributed by the Veterans' Administration.
- Safeguards to ensure that illegal immigrants will not obtain rebates, with a requirement that all filers of returns have valid Social Security numbers to qualify. Persons here illegally cannot hold Social Security numbers and will not be able to access a rebate, nor will they be able to claim child bonuses even if their children were born in the United States and hold valid Social Security numbers themselves. An ITIN (individual taxpayer identification number) will not be sufficient to claim any rebate, even if the ITIN holder's dependent children hold valid Social Security numbers.
- Extensions for one year of expiring renewable energy and energy efficiency tax cuts, as described in the modified Chairman's Mark document.
- Modifications to criteria for high-unemployment states eligible for second 13-week extension of unemployment insurance benefits, requiring an average Total Unemployment Rate of 6.5 percent or more for the previous three months.

Changes to the Chairman's Mark caused adjustments to Joint Committee on Taxation and Congressional Budget Office scores, making the one-year cost estimate \$157.2 billion.

A modified revenue table for the mark is posted at <http://www.house.gov/jct/x-12-08.pdf>.

Amendments by Senators Kent Conrad (D-N.D.), John Kerry (D-Mass.), and Jay Rockefeller (D-W.Va.) were also added to the legislation. Information on those amendments and their cost is available from the Senators' respective offices.

Original elements of the Baucus proposal as follows:

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INDIVIDUAL REBATE:

Every single American with \$3000 in qualifying income who files a tax return in 2007 will receive a \$500 stimulus check. This amount will be doubled to \$1000 total for married couples filing jointly. A bonus of \$300 will be provided to families for each child under age 17 who qualifies under current child tax credit rules.

Differently from the House proposal, the definition of qualifying income will include Social Security benefits and net self-employment income as well as wages, allowing many more Americans to get a check. Under the modification noted above, disabled veterans with \$3000 in non-taxable disability compensation are now eligible for the rebate through the VA.

This rebate will be fully refundable for all eligible Americans – meaning, they will receive the full rebate even if their income tax liabilities do not equal or exceed the rebate amount.

This makes only minor modifications to the House-Administration agreement on economic stimulus, but will add millions of Americans – mostly retirees – to the eligible class of rebate recipients. For instance:

1. A 70-year-old retiree receiving \$800 per month in Social Security retirement benefits would qualify because she has at least \$3000 in benefits.
2. A 42-year-old disabled person receiving \$500 per month in Social Security disability benefits would qualify because he receives at least \$3000 in SSDI.
3. A 68-year-old widow receiving \$200 per month in Social Security survivor benefits and \$100 per month for part-time work would qualify because her combined wages and Social Security benefits are in excess of \$3000.

The structure of the rebate is resistant to fraudulent filing of 2007 returns. Both wages and Social Security benefits are easily verified by the IRS through required copies of W-2 (wages) forms and/or the filer's 1099 form from the Social Security Administration.

BUSINESS STIMULUS:

For companies losing money in this economic downturn, the Chairman's Mark extends a provision allowing corporations to apply excess net operating losses to tax returns from prior profitable years and receive any applicable refunds. For 2006 and 2007 losses, the "net operating loss (NOL) carryback" will be extended to five years (back to 2002 and 2001) from the two years currently in law. Measures to prevent companies from abusing the intent of the provision were added at markup.

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The Chairman's Mark expands Section 179 expensing of equipment for small businesses and bonus depreciation for business property that is purchased and placed into service by large companies during 2008, similar to the House-Administration proposal. Differently from the House, the effective date for the Section 179 expensing enhancement is Fiscal Year 2008. Companies eligible for the 50 percent bonus depreciation for property purchased and placed into service this year will receive 25 percent bonus depreciation in 2008, and 25 percent in 2009.

UNEMPLOYMENT INSURANCE:

The Chairman's Mark would make 13 weeks of additional unemployment insurance (UI) benefits available to jobless Americans through the end of December 2008. Americans in high unemployment states – with average total unemployment rates of 6.5 percent or higher for the previous three months – would have 13 additional weeks of eligibility (for a total of 26 additional weeks). Individuals who have begun to receive either 13-week extension of benefits by the end of December 2008 would be eligible to receive benefits for the remainder of those 13 weeks.

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